

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-125-G - ORDER NO. 2009-722

OCTOBER 13, 2009

IN RE: Notice of Election of Piedmont Natural Gas Company, Incorporated for Application of the Natural Gas Rate Stabilization Act to Its Rates and Charges)	INITIAL ORDER ON APPLICATION OF THE NATURAL GAS RATE STABILIZATION ACT AND ORDER ADOPTING SETTLEMENT AGREEMENT
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I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) pursuant to S.C. Code Ann. §§ 58-5-420(2) and 58-5-455, a portion of the Natural Gas Rate Stabilization Act, as related to Piedmont Natural Gas Company, Inc. (Piedmont or the Company). Order No. 2005-491 established a baseline for the Company under the Act, based on the Company's last rate case. See Order No. 2002-761. Section 58-5-455 sets out a procedure for the handling of monitoring reports under the Act related to the quarter ending March 31, which we detailed in Order No. 2005-491 at 5.

Briefly, under Section 58-5-455, the Company files the monitoring reports with the Commission and the Office of Regulatory Staff (ORS). Parties may comment on the reports. Where it appears to the Commission or ORS that an adjustment in rates may be warranted, ORS shall conduct an audit of the monitoring report and specify any changes that it determines are necessary to correct errors in the report or to otherwise bring the

report into compliance with the statute. Parties may comment on the ORS audit. On or before October 15, the Commission shall issue an initial order setting forth any changes required in the utility's request to adjust rates under the statute. Any gas rate adjustments authorized under the terms of the statute shall take effect for all bills rendered on or after the first billing cycle of November of that year. This present order is the "initial order" contemplated by S.C. Code Ann. Section 58-5-455 for Piedmont.

Pursuant to the South Carolina Natural Gas Rate Stabilization Act ("Act"), Piedmont submitted its quarterly monitoring report for the twelve-month period ending March 31, 2009, as well as the required revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case as specified in Section 58-5-420(1).

The ORS conducted a review of Piedmont's Monitoring Report for the twelve-month period ending March 31, 2009, to evaluate compliance with Section 58-5-430 and Section 58-5-440 of the Act. The ORS proposed certain adjustments to reported amounts to bring the report into conformance with those sections. Piedmont filed written comments advising the Commission that Piedmont had no objection to or comments on the findings and adjustments reflected in the ORS Audit Report. No written comments from other parties were received.

Subsequently, a Settlement Agreement was reached by and among Piedmont, ORS, and the South Carolina Energy Users Committee (SCEUC) (collectively, the Parties). The Settlement Agreement, plus exhibits, are attached hereto as Order Exhibit

1. Under the terms of the Settlement Agreement, Piedmont will implement rates for the twelve-month period beginning with the first billing cycle of November 2009, calculated on the basis of an 11.2% return on equity (ROE). The Parties agree that Piedmont will adopt the accounting adjustments of ORS as set forth in Schedule 2 attached to the Settlement Agreement. The Parties further agree that, based upon the accounting adjustments proposed by ORS and adopted by Piedmont, and the agreement of Piedmont to implement rates based upon an 11.2% ROE, South Carolina ratepayers will realize an increase in current margin rates totaling \$1,110,000. The Settlement Agreement states that this equates to a reduction of \$2,766,000 for South Carolina ratepayers when compared to rates calculated on Piedmont's authorized 12.6% ROE, which is authorized by Commission Order Nos. 2002-761, 2005-491, and 2005-567. The Parties further agree to an adjustment for Demand Cost Over-Recovery of \$1,616,062.

We have examined the accounting and pro forma adjustments proposed and agreed upon by the parties, as well as the Settlement Agreement, and we take no exception to them.

II. FINDINGS AND CONCLUSIONS

1. S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, requires the filing of certain documents and the issuance of this Initial Order.

2. Changes are required to the Company's request to adjust rates.

3. ORS has suggested certain changes to which Piedmont does not object, as outlined above. Indeed, the parties have reached a Settlement Agreement.

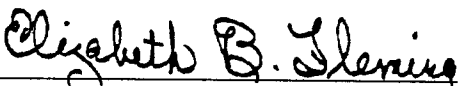
4. This Commission has found no other changes appropriate or necessary other than those agreed to by the parties.

5. The Settlement Agreement is approved. This Commission adopts the changes and adjustments proposed by the parties and the resulting rates and charges. Said rates and charges are attached hereto as Order Exhibit 2.

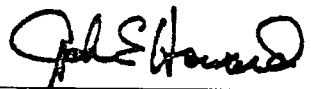
6. The new approved rates and charges shall be effective for bills rendered on and after the first billing cycle in November 2009.

7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman
(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-125-G

September 1, 2009

IN RE:

Piedmont Natural Gas Company's)	
Application of the Natural Gas)	SETTLEMENT AGREEMENT
Rate Stabilization Act To Its Rates)	
and Charges)	

This Settlement Agreement is made by and among the South Carolina Office of Regulatory Staff (“ORS”), South Carolina Energy Users Committee (“SCEUC”), and Piedmont Natural Gas Company, Inc. (“PNG”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, by Public Service Commission of South Carolina (“Commission”) Order Nos. 2005-491, dated September 28, 2005, and 2005-567, dated October 13, 2005, the Commission established a baseline for PNG under the Natural Gas Rate Stabilization Act (the “Act”) and approved certain accounting adjustments proposed by ORS and PNG;

WHEREAS, pursuant to S.C. Code Ann. § 58-5-455 (Supp. 2008), PNG filed its Quarterly Monitoring Report and Proposed Rate Changes with the Commission on June 15, 2009 for the review period consisting of April 1, 2008 through March 31, 2009 (“Review Period”);

WHEREAS, the Report of ORS’s examination of PNG’s Monitoring Report for the Twelve-Month Period Ending March 31, 2009, pursuant to the Act, was filed with the Commission on September 1, 2009;

WHEREAS, the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following those discussions the Parties have each determined that their interests, and ORS has determined that the public interest, would be best served by settling the above-captioned case under the terms and conditions set forth below:

1. PNG will implement rates for the twelve-month period beginning with the first billing cycle of November 2009 calculated on the basis of an 11.2% Return On Equity ("ROE") instead of the 12.6% ROE which PNG is authorized under Commission Orders No. 2002-761, 2005-491, and 2005-567.

2. The Parties agree that the following are the only attachments to this Settlement Agreement: Schedule 1 (Net Operating Income and Rate of Return); Schedule 2 (Explanations of Accounting and Pro Forma Adjustments); and Schedule 3 (Average Weighted Cost of Capital).

3. The Parties agree that PNG will adopt the accounting adjustments of ORS as set forth in Schedule 2 as attached to this Settlement Agreement.

4. The Parties agree that, based upon the accounting adjustments proposed by ORS and adopted by PNG, and the agreement of PNG to implement rates based on an 11.2% ROE, South Carolina ratepayers will realize an increase in current margin rates totaling \$1,110,000. As shown in the ORS staff report, this equates to a reduction of \$2,766,000 for South Carolina ratepayers when compared to rates calculated on PNG's authorized 12.6% ROE.

5. The Parties agree to an adjustment for Demand Cost Over-Recovery of \$1,616,062.

6. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

7. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit or impair their arguments or positions in future proceedings. Should the Commission decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

8. This Settlement Agreement shall be interpreted according to South Carolina law.

9. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[SIGNATURE PAGES FOLLOW]

Docket No. 2005-125-G

Order No. 2009-722

October 13, 2009

WE AGREE:

Representing and binding the Office of Regulatory Staff

A handwritten signature in black ink, appearing to read "Jeffrey M. Nelson", is written over a horizontal line.

Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
Phone: (803) 737-0823
Fax: (803) 737-0895
Email: jnelson@regstaff.sc.gov

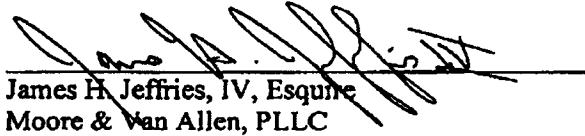
Docket No. 2005-125-G

Order No. 2009-722

October 13, 2009

WE AGREE:

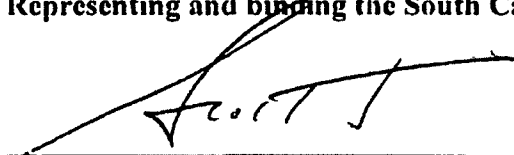
Representing and binding Piedmont Natural Gas Company, Inc.

A handwritten signature in black ink, appearing to read "James H. Jeffries, IV", is written over a horizontal line.

James H. Jeffries, IV, Esquire
Moore & Van Allen, PLLC
100 North Tryon Street, Ste. 4700
Charlotte, NC 28202
Phone: 704-331-1079
Fax: 704-339-5879
Email: jimjeffries@mvalaw.com

WE AGREE

Representing and binding the South Carolina Energy Users Committee

A handwritten signature in black ink, appearing to read "Scott Elliott", is written over a horizontal line.

Scott Elliott, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC 29205
Phone: (803) 771-0555
Fax: (803) 771-8010
Email: selliott@elliottlaw.us

Settlement Schedule 1

Piedmont Natural Gas Company
South Carolina Operations
Net Operating Income and Rate of Return
For the Twelve Months Ended March 31, 2009
Docket No. 2005-125-G

	(1) Per Regulatory Books	(2) ORS Accounting and Pro Forma Adjustments	(3) As Adjusted ORS	(4) Adjustments for Proposed Margin Increase	(5) Adjustments for Demand Cost Under/(Over) Recovery	(6) Total After Proposed Rates
Operating Revenues						
1 Sale and Transportation of Gas	\$ 211,739,218	\$ (25,535,647)	(1) \$ 186,203,571	\$ 1,110,000	(12) \$ (1,616,062)	(18) \$ 185,687,509
2 Other Operating Revenues	1,015,955	0	1,015,955			1,015,955
3 Total Operating Revenues	212,755,173	(25,535,647)	187,219,526	1,110,000	(1,616,062)	186,713,464
Operating Expenses						
4 Cost of Gas	146,337,947	(32,503,768)	(2) 113,834,179		(1,604,826)	(19) 112,229,553
5 Operations and Maintenance	27,683,975	(513,505)	(3) 27,170,470	2,480	(3,611)	(20) 27,169,339
6 Depreciation	11,852,361	679,203	(4) 12,531,564			12,531,564
7 General Taxes	6,566,124	(194,687)	(5) 6,371,437	5,374	(7,825)	(21) 6,368,986
8 State Income Taxes	1,098,622	(54,504)	(6) 1,044,118	55,107		1,099,225
9 Federal Income Taxes	4,268,139	2,652,446	(7) 6,920,585	366,463		7,287,048
10 Amortization of Investment Tax Credits	(52,336)		(52,336)			(52,336)
11 Total Operating Expenses	197,754,832	(29,934,815)	167,820,017	429,424	(1,616,062)	166,633,379
12 Net Operating Income	15,000,341	4,399,168	19,399,509	680,576	0	20,080,085
13 Interest on Customers' Deposits	(131,468)		(131,468)			(131,468)
14 Amortization of Debt Redemption Premium	(14,253)	414	(8) (13,839)			(13,839)
15 Allowance for Funds Used During Construction	123,169		123,169			123,169
16 Customer Growth	(1,487)	(259)	(9) (1,746)	(61)	(17)	(1,807)
17 Net Operating Income for Return	\$ 14,976,302	\$ 4,399,323	\$ 19,375,625	\$ 680,515	\$ 0	\$ 20,056,140
Original Cost Rate Base:						
18 Plant in Service	\$ 382,824,720	\$ 0	\$ 382,824,720			\$ 382,824,720
19 Accumulated Depreciation	(150,110,003)		(150,110,003)			(150,110,003)
20 Net Plant in Service	232,714,717	0	232,714,717			232,714,717
Add:						
21 Construction Work in Progress						
22 Materials and Supplies	1,861,262		1,861,262			1,861,262
23 Cash Working Capital	24,945,242		24,945,242			24,945,242
Deduct:	(471,109)	(98,171)	(10) (569,280)			(569,280)
24 Customers Advances	0		0			0
25 Customers' Deposits	4,027,297		4,027,297			4,027,297
26 Accumulated Deferred Income Taxes	37,895,183	84,072	(11) 37,979,255			37,979,255
27 Unclaimed Funds	346,447		346,447			346,447
28 Original Cost Rate Base:	\$ 216,781,185	\$ (182,243)	\$ 216,598,942			\$ 216,598,942
Rate of Return						
29 Rate of Return	6.91%		8.95%			9.26%
Return on Equity						
30 Return on Equity	7.02%		10.65%			11.20%

Settlement Schedule 2

**Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2009
Docket No. 2005-125-G**

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
1	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	To decrease revenues on a going-level basis.	\$ (25,535,647)	\$ (25,535,647)
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ (25,535,647)	\$ (25,535,647)
2	<u>Cost of Gas</u>		
	To decrease cost of gas on a going-level basis.	\$ (32,503,768)	\$ (32,503,768)
	<u>Total Cost of Gas</u>	\$ (32,503,768)	\$ (32,503,768)
3	<u>Operations and Maintenance Expenses</u>		
a.	To annualize the payroll expense as of March 31, 2009, and to disallow officer salary increases in conformance with PSC Order No. 2002-761, dated November 1, 2002.	\$ (123,781)	\$ (123,781)
b.	To decrease expenses for the salary and payroll investment plan. The plan allows participants to defer a portion of their base salary and the Company matches a portion of the participant's contribution.	(19,860)	(19,860)
c.	Adjustment 3 c. not used.		
d.	To adjust pension costs included in the filing.	(89,073)	(89,073)
e.	To adjust uncollectible gas cost expense utilizing the method approved in Docket No. 2006-4-G, Order No. 2006-527, dated October 11, 2006. This removes uncollectible gas cost expense from base rates and records the amount in account #253.04. The applicable uncollectible gas cost rate is .22345%.	(161,113)	(161,113)
f.	To decrease expenses for allocations to non-utility activities.	(6,914)	(6,914)
g.	To decrease expenses for the Long-Term Incentive Plan.	(182,564)	(182,564)
h.	To decrease expenses for the Short-Term Incentive Plan.	(60,168)	(60,168)
i.	To increase expenses for the MVP Incentive Plan.	187,488	187,488

Settlement Schedule 2

**Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2009
Docket No. 2005-125-G**

Line No.	Description	Per Piedmont	Per ORS
	j. To increase expenses for group insurance.	10,054	10,054
	k. To increase expenses for the Piedmont Town Center lease.	3,443	3,443
	l. To decrease expenses for the South Carolina assessment fee.	(1,325)	(13,043)
	m. To decrease expenses for items that are nonallowable for ratemaking purposes.	(140,557)	(210,218)
	n. To increase expenses for amortization of early retirement incentive.	151,229	151,229
	o. To increase expenses for Piedmont Town Center CAM expense.	1,015	1,015
	<u>Total Operations and Maintenance Expense</u>	<u>\$ (432,126)</u>	<u>\$ (513,505)</u>
4	<u>Depreciation Expense</u>		
	To increase depreciation expense on a going-level basis using the most current depreciation study rates.	\$ 679,203	\$ 679,203
	<u>Total Depreciation Expense</u>	<u>\$ 679,203</u>	<u>\$ 679,203</u>
5	<u>General Taxes</u>		
	a. To increase property taxes on a going-level basis	\$ 2,091	\$ 2,091
	b. To decrease payroll tax expense.	(73,140)	(73,140)
	c. To decrease franchise taxes (rate of .3%) and gross receipts tax (rate of .18418%) for the adjustment made to decrease revenues on a going-level basis.	0	(123,638)
	<u>Total General Taxes</u>	<u>\$ (71,049)</u>	<u>\$ (194,687)</u>
6	<u>State Income Taxes</u>		
	To adjust state income taxes (rate of 5%) to reflect the impact on income of accounting and pro forma adjustments.	\$ (64,729)	\$ (54,504)
	<u>Total State Income Taxes</u>	<u>\$ (64,729)</u>	<u>\$ (54,504)</u>

Settlement Schedule 2

**Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2009
Docket No. 2005-125-G**

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
7	<u>Federal Income Taxes</u>		
	To adjust federal income taxes (rate of 35%) to reflect the impact on income of accounting and pro forma adjustments.	\$ 2,605,350	\$ 2,652,446
	<u>Total Federal Income Taxes</u>	\$ 2,605,350	\$ 2,652,446
8	<u>Amortization of Debt Redemption Premium</u>		
	To increase net operating income for amortization of debt redemption premium.	\$ 414	\$ 414
	<u>Total Amortization of Debt Redemption Premium</u>	\$ 414	\$ 414
9	<u>Customer Growth</u>		
	To adjust net operating income to reflect an anticipated decrease in customer growth (rate of (.009.%)) following the adjustments to operating revenues and expenses.	\$ (425)	\$ (259)
	<u>Total Customer Growth</u>	\$ (425)	\$ (259)
10	<u>Cash Working Capital</u>		
	To decrease cash working capital following the pro forma adjustments to operation and maintenance expenses (rate of 12.5%) as reflected in the Original Filing.	\$ (54,016)	\$ (98,171)
	<u>Total Cash Working Capital</u>	\$ (54,016)	\$ (98,171)
11	<u>Accumulated Deferred Income Taxes</u>		
	To adjust accumulated deferred income taxes to reflect the amount attributable to South Carolina.	\$ 0	\$ 84,072
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ 0	\$ 84,072
12	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	To increase revenues from the sale and transportation of gas for the proposed margin increase. ORS has recalculated this adjustment utilizing all ORS adjustments to operating revenues.	\$ 4,134,798	\$ 1,110,000
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ 4,134,798	\$ 1,110,000

Settlement Schedule 2

**Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2009
Docket No. 2005-125-G**

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
13	<u>Operations and Maintenance Expenses</u>		
a.	To adjust the provision for uncollectible accounts (.22345%) for the proposed margin increase.	\$ 9,239	\$ 2,480
b.	To increase the utility license fee (rate of .3%) following the adjustment to operating revenues.	12,377	0
	<u>Total Operations and Maintenance Expenses</u>	\$ 21,616	\$ 2,480
14	<u>General Taxes</u>		
	To adjust franchise taxes (rate of .3%) and gross receipts tax (rate of .18418%) for the proposed margin increase.	\$ 0	\$ 5,374
	<u>Total General Taxes</u>	\$ 0	\$ 5,374
15	<u>State Income Taxes</u>		
	To adjust state income taxes (rate of 5%) to reflect the impact on income from the proposed margin increase.	\$ 205,659	\$ 55,107
	<u>Total State Income Taxes</u>	\$ 205,659	\$ 55,107
16	<u>Federal Income Taxes</u>		
	To adjust federal income taxes (rate of 35%) to reflect the impact on income from the proposed margin increase.	\$ 1,367,633	\$ 366,463
	<u>Total Federal Income Taxes</u>	\$ 1,367,633	\$ 366,463
17	<u>Customer Growth</u>		
	To adjust net operating income to reflect an anticipated decrease in customer growth (rate of (.009%)) following the proposed margin increase.	\$ (254)	\$ (61)
	<u>Total Customer Growth</u>	\$ (254)	\$ (61)
18	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	To decrease the revenue requirement for the sale and transportation of gas associated with demand cost over-recovery.	\$ (1,613,014)	\$ (1,616,062)
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ (1,613,014)	\$ (1,616,062)

Settlement Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2009
Docket No. 2005-125-G

Line No.	Description	Per Piedmont	Per ORS
19	<u>Cost of Gas</u>		
	To decrease cost of gas for the demand cost over-recovery using a demand cost allocation factor of 16.01%, based upon the most recent design day study.	\$ (1,604,626)	\$ (1,604,626)
	<u>Total Cost of Gas</u>	<u>\$ (1,604,626)</u>	<u>\$ (1,604,626)</u>
20	<u>Operations and Maintenance Expenses</u>		
	a. To decrease the provision for uncollectible accounts (rate of .22345%) following the adjustment to revenues for demand cost over-recovery.	\$ (3,586)	\$ (3,611)
	b. To decrease the franchise taxes (rate of .3%) following the adjustments to revenues for demand cost over-recovery.	<u>(4,803)</u>	<u>0</u>
	<u>Total Operations and Maintenance Expenses</u>	<u>\$ (8,389)</u>	<u>\$ (3,611)</u>
21	<u>General Taxes</u>		
	To decrease the franchise taxes (rate of .3%) and gross receipts tax (rate of .18418%) for the adjustment made to revenues for demand cost over-recovery.	\$ 0	\$ (7,825)
	<u>Total General Taxes</u>	<u>\$ 0</u>	<u>\$ (7,825)</u>

**Piedmont Natural Gas Company
South Carolina Operations
Average Weighted Cost of Capital
Docket No. 2005-125-G**

Description	Capital Structure	Regulatory Per Books				As Adjusted				After Proposed Increase				
		Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Net Operating Income
Long-Term Debt	765,857,535	43.76%	94,863,447	6.76%	2.96%	6,412,769	94,783,697	6.76%	2.96%	6,407,378	94,783,697	6.76%	2.96%	6,407,378
Common Equity	984,273,944	56.24%	121,917,738	7.02%	3.95%	8,563,533	121,815,245	10.65%	5.99%	12,968,247	121,815,245	11.20%	6.30%	13,648,762
Total	1,750,131,479	100.00%	216,781,185		6.91%	14,976,302	216,598,942		8.95%	19,375,625	216,598,942		9.26%	20,056,140

PROPOSED REVENUE CALCULATIONS

[illegible]

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2009

PROPOSED REVENUE CALCULATIONS

(dekatherms)	Proforma Bills	Proforma Dekatherms	Proposed Margin Rates	Proposed Demand Rates	Current Commodity Rate	Proposed Revenue Rate	Proposed Total Revenue
Rate Schedule	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Large General Service - Sales 203							
Bills	132		\$ 250.00			\$ 250.00	\$33,000
Demand DTs	25,394		\$ 5.0000	\$ 14.0000		\$ 19.0000	\$482,486
First 1,500		69,857	\$ 1.8569	\$ 0.8633	\$ 6.6404	\$ 9.3606	\$653,903
Next 1,500		39,353	\$ 1.2998	\$ 0.7039	\$ 6.6404	\$ 8.6441	\$340,171
Next 7,500		24,586	\$ 0.9285	\$ 0.6810	\$ 6.6404	\$ 8.2499	\$202,832
Next 16,500		0	\$ 0.5571	\$ 0.2818	\$ 6.6404	\$ 7.4793	\$0
Next 33,000		0	\$ 0.1857	\$ 0.1000	\$ 6.6404	\$ 6.9261	\$0
<u>Over 60,000</u>		0	\$ -	\$ -	\$ 6.6404	\$ 6.6404	\$0
DTs - Winter		133,796					
First 1,500		87,217	\$ 1.1141	\$ 0.6718	\$ 6.6404	\$ 8.4263	\$734,917
Next 1,500		31,388	\$ 0.7428	\$ 0.5569	\$ 6.6404	\$ 7.9401	\$249,224
Next 7,500		8,874	\$ 0.5571	\$ 0.8220	\$ 6.6404	\$ 8.0195	\$71,165
Next 16,500		0	\$ 0.3714	\$ 0.2818	\$ 6.6404	\$ 7.2936	\$0
Next 33,000		0	\$ 0.1857	\$ 0.0500	\$ 6.6404	\$ 6.8761	\$0
<u>Over 60,000</u>		0	\$ -	\$ -	\$ 6.6404	\$ 6.6404	\$0
DTs - Summer		127,479					
Large General Service - Transportation 213							
Bills	458		\$ 250.00			\$ 250.00	\$114,500
Demand DTs		89,230	\$ 5.0000	\$ 1.0000		\$ 6.0000	\$535,380
Standby DTs		0	\$ -	\$ 13.0000		\$ 13.0000	\$0
First 1,500		254,457	\$ 1.8569	\$ 0.5514	\$0.1404	\$2.5487	\$648,535
Next 1,500		169,613	\$ 1.2998	\$ 0.4393	\$0.1404	\$1.8795	\$318,788
Next 7,500		151,730	\$ 0.9285	\$ 0.3467	\$0.1404	\$1.4156	\$214,789
Next 16,500		26,087	\$ 0.5571	\$ 0.2818	\$0.1404	\$0.9793	\$25,547
Next 33,000		0	\$ 0.1857	\$ 0.1000	\$0.1404	\$0.4261	\$0
<u>Over 60,000</u>		0	\$ -	\$ -	\$0.1404	\$0.1404	\$0
DTs - Winter		601,887					
First 1,500		350,044	\$ 1.1141	\$ 0.5862	\$0.1404	\$1.8407	\$644,326
Next 1,500		206,509	\$ 0.7428	\$ 0.4741	\$0.1404	\$1.3573	\$280,295
Next 7,500		148,074	\$ 0.5571	\$ 0.4006	\$0.1404	\$1.0981	\$162,600
Next 16,500		0	\$ 0.3714	\$ 0.2542	\$0.1404	\$0.7660	\$0
Next 33,000		0	\$ 0.1857	\$ 0.0500	\$0.1404	\$0.3761	\$0
<u>Over 60,000</u>		0	\$ -	\$ -	\$0.1404	\$0.1404	\$0
DTs - Summer		704,627					

Piedmont Natural Gas Company, Inc.
Quarterly Rate Stabilization Filing - Settlement Rates
12-Months Ending March 31, 2009

PROPOSED REVENUE CALCULATIONS

[illegible]

Piedmont Natural Gas Company, Inc.
 Quarterly Rate Stabilization Filing - Settlement Rates
 12-Months Ending March 31, 2009

WNA Factors

	Base Rate (\$/therms)	Demand (\$/therms)	Commodity (\$/therm)	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
<u>RESIDENTIAL</u>						
Value Rate - 201	1.09924	0.02272	0.66404	0.41248	0.17545	17.35593
Standard Rate - 221	1.31038	0.23386	0.66404	0.41248	0.14508	4.97306
<u>COMMERCIAL</u>						
Rate 202 - Standard	1.21203	0.21533	0.66404	0.33266	0.60024	7.95496
Rate 232 - Value						
First 2,000 therms	1.14790	0.15120	0.66404	0.33266	0.40961	374.35695
Over 2,000 therms	1.11581	0.11911	0.66404	0.33266	0.40961	374.35695
Rate 252 - Standard	1.18644	0.18974	0.66404	0.33266	22.11808	2398.86759
Rate 262 - Value						
first 5,000 therms	1.11258	0.11588	0.66404	0.33266	3.34841	7266.20992
over 5,000 therms	1.07602	0.07932	0.66404	0.33266	3.34841	7266.20992